

**FOR IMMEDIATE RELEASE**

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**Notice Concerning Revision of Earnings Forecasts and  
Review of the Medium-Term Management Plan**

Leopalace21 Corporation (“the Company”), in consideration of recent performance, announces the following revisions to its earnings forecasts from those announced on May 13, 2011 as well as review of the Medium-Term Management Plan (fiscal year ended March 2011 to March 2013) announced on May 7, 2010.

**1. Revision of Earnings Forecasts**

- (1) Revision to the first half consolidated earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 through September 30, 2011)

(Million yen)

|  | Net sales | Operating income (loss) | Recurring income (loss) | Net income (loss) | Net income (loss) per share |
|--|-----------|-------------------------|-------------------------|-------------------|-----------------------------|
| Previous forecast (A)  | 233,400   | (7,400)                 | (8,000)                 | (6,800)           | (40.86)                     |
| Revised forecast (B)   | 223,000   | (2,200)                 | (6,200)                 | (5,200)           | (30.80)                     |
| Amount change (B – A)  | (10,400)  | 5,200                   | 1,800                   | 1,600             |                             |
| Percentage change  | -4.5%     | —                       | —                       | —                 |                             |
| (Reference) Results for the first half of the fiscal year ended March 31, 2011 | 248,315   | (12,594)                | (19,273)                | (17,555)          | (115.48)                    |

- (2) Revision to the first half non-consolidated earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 through September 30, 2011)

(Million yen)

|  | Net sales | Recurring income (loss) | Net income (loss) | Net income (loss) per share |
|--|-----------|-------------------------|-------------------|-----------------------------|
| Previous forecast (A)  | 229,900   | (8,100)                 | (6,900)           | (41.20)                     |
| Revised forecast (B)   | 220,100   | (5,400)                 | (4,400)           | (26.06)                     |
| Amount change (B – A)  | (9,800)   | 2,700                   | 2,500             |                             |
| Percentage change  | -4.3%     | —                       | —                 |                             |
| (Reference) Results for the first half of the fiscal year ended March 31, 2011 | 245,271   | (18,037)                | (16,395)          | (107.85)                    |

Note: Revised business forecasts are calculated based on information available to the Company as of this announcement. Actual results may differ from these forecasts for a variety of reasons.

## 2. Reasons for the Revision

Net sales for the first half of the fiscal year ending March 2012 are now expected to underperform compared to the initial forecasts, as the effects of the Great East Japan Earthquake and the prolonged economic slump became more significant than anticipated. Operating profit, meanwhile, is likely to exceed the initial forecasts, given the effects of management improvement initiatives, including the establishment of an organizational structure, the strengthening of the earnings of the Leasing Business, and a reduction in selling, general, and administrative expenses. Recurring profit and net income are also expected to exceed the initial forecasts, despite the recording of unexpected foreign exchange losses of approximately ¥3.9 billion (on a consolidated basis), reflecting the appreciation of the yen.

The Company has decided to keep the full-year business results forecasts for the fiscal year ending March 2012 unchanged, because there is still considerable uncertainty in the economic outlook, such as the prolonged economic slump.

## 3. Review of the Medium-Term Management Plan

The Company announced on May 7, 2010 its three-year Medium-Term Management Plan, which started from the previous fiscal year ended March 2011. Although the basic policy of the Plan, “Shift to a stable earnings structure with earnings balanced between the Apartment Construction Subcontracting Business and the Leasing Business,” will not change, considering the economic environment that surrounds the Leopalace21 Group and the progress of initiatives to improve management, the Company has decided to revise the Plan and initiated to formulate a new Medium-Term Management Plan (for the expected period from the fiscal year ending March 2013 to the fiscal year ending March 2015). The Company will announce the outline of such new Plan after it assesses the results for the fiscal year ending March 2012.

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